Consumers’ knowledge acquisition through eWOM: from social networks to retailing

Eleonora Pantano  
Department of Mechanical, Energetics and Management Engineering  
University of Calabria  
Arcavacata di Rende (CS), Italy  
eleonora.pantano@unical.it

Piero Migliarese  
Department of Mechanical, Energetics and Management Engineering  
University of Calabria  
Arcavacata di Rende (CS), Italy  
piero.migliarese@unical.it

Vincenzo Corvello  
Department of Mechanical, Energetics and Management Engineering  
University of Calabria  
Arcavacata di Rende (CS), Italy  
vincenzo.corvello@unical.it

Abstract—Due to the large diffusion of social networks, these media offer a huge platform where users share judgements, comments and opinions that organization could exploit for achieving information on consumers’ preferences and market trends, with benefits for the development of more effective marketing strategies. In particular, this paper focuses on the use of Facebook among youth, with emphasis on consumers’ knowledge of social network as influencing factor on their interest towards others’ posts and on the use of the medium for directly interacting with the firms. Hence, this work aims at deeply understanding how this medium can be used for acquiring knowledge on clients emerging from both the consumer-to-consumer and consumer-to-business interactions, and transferring this knowledge in products/services.

Keywords—knowledge acquisition, knowledge management, eWOM (e-word of mouth communication), social networks, retailing

I. INTRODUCTION

Past studies identified the critical role of knowledge acquisition for the success of an organization [1]. Similarly, the knowledge acquisition of consumers is a fundamental factor for business profitability, by developing new and effective retail strategies. In this scenario, previous researches highlighted the pervasive impact of social networks like Facebook by affecting organizational and marketing strategies, social and educational process, research, etc. [2], due to their ability to provide efficient e-business platforms, research and education networks, direct channel between client and vendors, social communities, etc. [2].

From a consumers’ perspective, they use this interactive channel for expressing opinions, accessing others’ comments, asking suggestions and recommendations. Due to the extensive use of this channel for retrieving information and posting observations and judgements especially by youth [3], organizations might exploit social networks like Facebook for acquiring knowledge on consumers’ preferences and market trends. For instance, this channel is dramatically changing the tourism industry, which usually involves the purchase of intangible (e.g. tourism packages) and unknown products (e.g. possible future tourism destinations), by proposing new way for promoting localities and supporting cultural heritage [3].

Hence, on the one hand the online posts show the popularity level of products and brands, on the other these comments represent a review of the current marketing strategies and the level of consumers’ satisfaction. In this way, the online consumer-to-consumer interactions provide recommendations and advise on a huge number of current firms/services/products, while the consumer-to-business interaction shows clients’ evaluations of the current firm’s product/service [4] [5] [6]. In particular, these interactions are part of the eWOM (electronic word of mouth communication) and represent an informal way of communication through the electronic channel, which consumers perceive as more trustworthy and persuasive than traditional media such as television or newspapers [7] [8] [9].

Since the information retrieved online support the decision-making process held offline [10], the interactions among consumers are able to influence consumers’ buying decision and purchasing behaviour also while consumers are physically in the point of sale, by affecting especially client’s confidence with the recommended product [7] [11]. For these reasons, many firms solicit consumers’ positive reviews to encourage other users. Although consumers take into account the rate of the products available online, they pay attention more to the full comments posted by others to collect more detailed information before the choice [7].

The aim of this paper is to investigate how social networks like Facebook may be considered a powerful source for acquiring knowledge on consumers’ behaviours for the development of more efficient strategies, and how this knowledge can be transferred in retail strategies. To achieve this goal, the research focuses on consumers’ knowledge of social network as influencing factor on their interest towards others’ posts, and on the use of the medium for directly interact with firms, with emphasis on the contents of consumers’ posts. In this way, it is possible to deeply understand to what extent this medium can be used for acquiring knowledge on clients emerging from both the consumer-to-consumer and consumer-to-business interactions.
In particular, the first part of the paper is devoted to the use of eWOM (electronic word of mouth communication) as knowledge source for business purposes, while the second one employs a qualitative research involving consumers’ knowledge of social networks, their attitude towards posting online judgements and complains for firms, their interest towards others’ posts, and their specific attention towards such elements of the comments.

II. THEORETICAL BACKGROUND

Consumers’ needs have been largely recognized as a driver for the efficient product innovation. Thus, consumers’ knowledge acquisition plays a critical role especially for developing new successful strategies [12]. Despite the important role of knowledge sharing in innovation process, developers’ and consumers’ viewpoint may be different. For this reason, efficient methods and technologies for measuring and achieving information on customers’ preferences are compulsory for business profitability. Despite the large usage of questionnaires for this purpose [13], many current studies are focusing on the adoption of new and more efficient techniques for acquiring a large amount of helpful users’ creative contribution [14] [15] [16]. In this context, different and more interactive methods might be able to solicit consumers’ ideas and access also to a so-called tacit knowledge, which has a critical importance for achieving competitive advantages.

Social networks offer a new platform able to provide data on consumers’ behaviour and preferences constantly updated and detailed. In fact, consumers take care of updating their profile, sharing their preferences or the new experiences, creating lists of interests, and suggesting products and brands. Hence, this media brings together large communities of consumers, who spontaneously exchange knowledge [17]. Users’ comments are intended to communicate pieces of information to other individuals. However, they are available in a written form that firms can exploit for learning about users’ interests, opinions and behaviours, as well as for predicting market trends. In fact, existing literature has often focused on the possibility to exploit users comments, reviews and discussions as a source of knowledge on products and brands [18] [19] [20]. This information can be then converted into knowledge on market for developing customized products and marketing campaigns, targeting extant products and services, etc. [20]. Furthermore, from social networks also consumers can obtain knowledge on products and on the business that produces them [21]. On the one hand, they seek knowledge from other consumers, which are perceived as a more reliable source compared to vendors [6] [22]; on the other one, they seek firm’s news concerning launching new product, services, reward campaigns, etc.

The role of eWOM has been found to be growing in the Internet shopping sector [23]. Although eWOM can be considered a sort of word-of-mouth communication held online, it has peculiarities that go beyond the potentialities of traditional word-of-mouth: it is quicker, involves larger numbers of people and can be stored, aggregated and analysed more efficiently [3] [8]. For instance, concerning consumer-to-consumer know-how exchanges, it has been found that this interaction has a direct relationship with loyalty intentions, as well as an indirect relationship with the overall value of firm’s offering [24]. The number of available comments can be very large and their quality variable, in terms of quality and quantity of the posts (i.e. some opinion are expressed with more words, others with just a couple, others with a rate, etc.), and presence of provocative suggestions or insult [25] [26]. For instance, customers exploit the eWOM to acquire knowledge and information especially when they want to purchase risky, intangible products or unknown items, such as in the case of booking a hotel or choosing the destination of the next holiday [3]. Other studies have found that low involvement users tends to conform to eWOM both when it is negative and positive, while high involvement users tend to conform only in the case of negative reviews [27]. Negative eWOM can be considered as a negative statement concerning a certain product or organization widely available through Internet [28] [29] [30]. Consumers usually pay more attention to negative reviews than to positive ones, because they consider the negative ones more informative [29] [31]. Since negative eWOM provides valuable information [32], it can be considered a further opportunity for organizations to acquire knowledge made available on social networks for improving the current products/strategies, and achieve an evaluation on the current products and strategies. Hence, while positive eWOM collects consumers’ positive considerations of product/firm characteristics and desires for developing new products, negative eWOM provides a detailed evaluation of the existing ones for improving the actual offer.

From a marketing and management perspective, extant research has studied eWOM from several points of view: motivation to post online, information searching and sharing process and decision-making process. The point of view of organizations and vendors, instead, is still under-investigated. The literature still misses detailed studies on the impact of social networks from an organizational perspective. Although some authors have found that an organization’s experience with social media influences its attitude towards eWOM and negative eWOM [8], there is still a gap in literature concerning firms’ behaviours, perceptions and reaction towards consumers’ reviews [33]. Despite the growing body of literature on social networks like Facebook and on eWOM, the point of view of organizations’ with emphasis on the eWOM as a source of knowledge on costumers has not been addressed in previous studies, as well as the research on the use of eWOM for extracting knowledge on consumers is still in progress.

III. METHODOLOGY OF RESEARCH

This paper aims at investigating how to acquire knowledge on consumers’ needs and opinions for marketing purposes through their interaction within social networks like Facebook. To achieve this goal, we evaluated consumers’ interest towards others’ posts and their attitude towards posting comments directed to firms with personal judgements on products and services, with emphasis on the contents of these posts. In particular, the research involved 507 subjects randomly recruited in Italy between November and December 2012 (242 male and 265 female). Participants were asked to fill an anonymous questionnaire concerning their usage of social networks. We chose a qualitative approach because it is
particularly effective in exploring the consumers’ attitude, experiences and responses by identifying the issues that are the most meaningful for consumers [34].

The age group is composed of 217 respondents younger than 25 years, 200 between 26 and 35 years old, and 91 respondents older than 36 years. 294 of them got a secondary school qualification, while 174 fort a Master Degree and 37 a PhD or a post-degree qualification.

Each interview has been coded and performed through the MaxQda software for a content analysis, which allowed evaluating users’ response. This investigation is mainly based on consumers’ knowledge of social networks as factor influencing their usage of the media for retrieving and sharing information. In particular, we consider this aspect as an influencing factor of both consumers-to-consumers interaction and consumers-to-business interaction through Facebook.

IV. KEY RESULTS

The analysis identifies how consumers consider their knowledge of social networks including Facebook, Twitter, Instagram, etc.. The first analysis aims at investigating the knowledge of social networks and their usage for sharing experiences, posting comments, accessing information from others’ judgments, and directly complaining/interacting with firms on services and products. 37 respondents stated to have a scarce knowledge of web 2.0, 190 a sufficient knowledge and 280 a good knowledge; 107 never used social networks for directly interacting with firms, by complaining or suggesting improvements about a certain product/service; 316 used these channels for these purposes at least once, and 84 used more than 5 times; 116 had a scarce interest towards others’ comments, 232 had a sufficient interest towards others’ comments and 159 had a good interest towards others’ comments. Furthermore, the findings indicate that 32 respondents have no knowledge of social networks, 190 have a sufficient knowledge, and 280 have a good knowledge.

A subsequent contingent analysis investigates the evaluation of association structure between consumers’ knowledge of these media and their attitude to use the media for directly interacting with firms (Table 1); and the association between the knowledge of social networks and consumers’ interest towards others’ comments (Table 2), which occurred in each interview.

TABLE I. CONSUMER-TO-BUSINESS INTERACTION THROUGH SOCIAL NETWORKS BY KNOWLEDGE OF SOCIAL NETWORKS (IN ONE YEAR)

<table>
<thead>
<tr>
<th>Knowledge of Social Networks</th>
<th>At least once</th>
<th>More than 5 times</th>
</tr>
</thead>
<tbody>
<tr>
<td>No knowledge</td>
<td>2%</td>
<td>1%</td>
</tr>
<tr>
<td>Sufficient knowledge</td>
<td>25%</td>
<td>4%</td>
</tr>
<tr>
<td>Good knowledge</td>
<td>32%</td>
<td>11%</td>
</tr>
</tbody>
</table>

TABLE II. CONSUMER-TO-CONSUMER INTERACTION THROUGH SOCIAL NETWORKS BY KNOWLEDGE OF SOCIAL NETWORKS

<table>
<thead>
<tr>
<th>Interest in Others’ Post</th>
<th>No interest</th>
<th>Sufficient interest</th>
<th>Good interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>No knowledge</td>
<td>4%</td>
<td>-</td>
<td>7%</td>
</tr>
<tr>
<td>Sufficient knowledge</td>
<td>-</td>
<td>20%</td>
<td>1%</td>
</tr>
<tr>
<td>Good knowledge</td>
<td>-</td>
<td>24%</td>
<td>22%</td>
</tr>
</tbody>
</table>

V. DISCUSSION AND CONCLUSIONS

Since past studies demonstrated the possibility to influence consumers’ purchasing decisions especially for people who make an extensive use of the media [3], this study enlarges these results, by providing important insights for deeply understanding to what extent social networks like Facebook may be considered a powerful source for acquiring knowledge on consumers behaviours that could be transferred in retailing. The central question of this work is whether firms can learn about market and future trends (on the basis of consumers’ characteristics and preferences) when a large amount of information is available, and use this knowledge to evolve a successful direct-marketing strategy, with emphasis on retail aspects (e.g. how and what distributes, end-users, etc.). To achieve this goal, the research involved 507 subjects, by focusing on a questionnaire devoted to investigate consumers’ knowledge of social network as influencing factor, their interest towards others’ posts, and the use of the medium for directly interact with firms.

In particular, our findings show the large use of experienced consumers’ social networks as (i) source of knowledge on products/brands/firms by taking note of others’ comments, and (ii) tool for sharing knowledge with other potential consumers, in accordance with past studies that identified the important role of consumers’ behaviour while interacting with an online social platform [3] [4] [5] [6]. These results suggest to what extent the previous knowledge of the media influences’ consumers’ effective usage for retrieving information. Noteworthy finding concerns the usage of social networks also by users with a scarce knowledge from a consumer-to-business point of view, by showing that the usage increases with the experience with the social network, but also people with a scarce experience used the medium for commenting products/brands on the firm/product page: the 2% of users with no knowledge used at least once and the 1% used more than 5 times. Similarly, from a consumer-to-consumer perspective, also people with no experience shows a good interest in others’ posts (7%), even if this interest changes with the experience with the medium. The findings are consistent with Pantano and Corvello [8] who demonstrated that the experience changes the firm’s reaction towards online comments/posts, in the context of negative eWOM.

Hence, these results show that, even if consumers have a scarce knowledge of social networks, they use the medium and this usage increases with the increasing of knowledge. The presence of comments of experiences and not-experienced users would prompt firms to pay more attention to comments posted online, both in case of consumer-to-consumer interaction and in case of consumer-to-business interaction. Furthermore, we expect that the usage of this medium for this
purpose will increase with the diffusion of Internet ubiquitous access (i.e. the reducing cost of smartphone and internet connection increases the Internet access anywhere and anytime).

Hence, our results provide some useful indications on the content of the knowledge shared during the consumer-to-business interactions. In fact, consumers’ post directed to firms contain mainly complaining, which consists of a detailed judgement related to (i) a malfunctioning of the service, (ii) a malfunctioning of the product, (iii) a wrong (broken) service/product, (iv) dissatisfaction concerning firms’ behaviour, and (v) request for a different service/product. Since the social networks allow storing consumers’ comments, firms are able to collect a large amount of comments (by focusing on the most recent ones) and investigating through content analysis software for achieving a detailed evaluation of the current product/service, and of their expectations. In fact, the current client’s dissatisfaction includes the expectation of a different (better) product/service, which can become the starting point for developing a new product/service or enhancing the existing one.

For these reasons, in the one hand firms should take into account all the comments posted on their virtual walls for understanding both the elements that consumers like more and the ones that they dislike; in the other they should pay more attention on the posts devoted to other users to understand the main characteristic of a product/service that attract consumers’ attention. Hence, all these elements are able to affect the marketing strategies and the organizational process, as anticipated by previous studies [2] [8], for instance by considering the possibility to develop the role of expert of social networks and eWOM communications for deeply understanding consumers evaluations and perception, and proposing improving and corrections of current strategies. In this way, the firm would be ready to efficiently manage the large amount of information available online, and fast reply to consumers’ changeable needs and preferences, as well as to predict the new trends.

Furthermore, the eWOM communication seems to be more useful for extracting knowledge on consumers’ preferences than the standard questionnaire that firms would submit for directly asking consumers’ opinion. In fact, one of the benefits of the eWOM is that it has the characteristics of informal communication able to solicit subjects’ spontaneity and sincerity [17] [25] [26] [32]. This spontaneity is able to involve more people in discussions for proving different points of views and more information, by involving a huge number of active participants [14] [15] [16], with benefits for the reliability and validity of the achieved information. Through the our analysis of the ways which consumers use social network and contribute to evaluating firms’ activity, the results might be considered a first step towards enabling online strategic learning with numerous, frequent and sparse consumers’ information by the firms.

VI. FUTURE WORKS

Future works could improve our findings, by employing quantitative research and Structural Equation Model analysis for testing the value of the relationships emerging in our study (consumers’ knowledge of these media and their attitude to use the media for directly interacting with firms; and the knowledge of social networks and consumers’ interest towards others’ comments) and the effective impact on innovation process and retailing.

Due to the increasing importance of consumers’ eWOM through Facebook from both a client and vendor point of view, future applications concerning retailing would explore the possibility to integrate the social networks like Facebook directly in the point of sale, by investigating to what extent this integration could influence the decision-making process and the subsequent purchasing behavior. Further research question will focus on to what extent eWOM and online interaction (through social networks) (i) will substitute the traditional face-to-face interactions in retail domain, (ii) will dramatically change the social experience linked to shopping activity, and (iii) will modify the traditional client-vendor relationship, in terms of consumers’ requests of vendor opinion about a certain product.

REFERENCES


